

# hrSPECTRUM

Cornell Center for Advanced Human Resource Studies

## CAHRS Research Highlight

# The Changing Relationship between Job Loss Announcements and Stock Prices

Historically, companies that cut their workforce were usually met with a swift rebuke by Wall Street: layoff announcements were followed by a drop in stock prices. In recent years, however, that trend seems to have reversed: rather than an indication that a company is in trouble, downsizing has been seen as either business as usual or a positive signal that a company is adopting efficiencies that will result in lower labor costs and higher earnings. Reflecting that perception, stock prices since the 1990s have forgiven or even rewarded job cuts with a bump up.

That's been the impression in the business press and among policy groups, but empirical studies have persisted in showing the traditional pattern of negative price reactions to layoffs.

Considerably more evidence has been added to the debate by Cornell professor and CAHRS research director Kevin Hallock and colleague Henry Farber at Princeton, who have shown conclusively that stock price reaction to layoff announcements has

indeed become less negative over the last 30 years. They also showed that when the reasons given for a layoff indicate sluggish demand or other signs of trouble, the stock price reaction is most negative; when the

**...by the '90s reorganization and a motivation to lower labor costs for its own sake grew substantially.**

reason is cost efficiencies or reorganization to become "leaner and meaner," the stock price is much less negative or even positive.

The study examined nearly 4,300 reduction-in-workforce announcements by every company listed on the Fortune 500 in each year from 1970 through 1999.

This is substantially more data than collected by any previous study.

The less-negative reaction to layoff announcement over the three decades has followed a change in the reasons given for those layoffs. The researchers looked at eighteen different reasons for layoffs, and grouped them into five categories, those in response to financial trouble such as a slump in demand, or those that were done as part of discretionary cost-cutting. In the 1970s and '80s, layoffs occurred predominantly because of lack of

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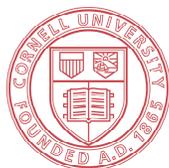
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demand; by the '90s, demand concerns fell off sharply as the reason for layoffs, while reorganization and a motivation to lower labor costs for its own sake grew substantially.

Not surprisingly, the industry composition of the layoff announcements has paralleled the change in reasons for the downsizing. In the 1970s, more than 88 percent of the layoff announcements were in the manufacturing industries, including motor vehicle manufacturing; by the 1990s, that share had declined to less than two-thirds (as the sector itself shrank as a share of the U.S. economy). Looking at only motor vehicle manufacturing, the decline was even more dramatic, from over 37 percent of the total layoff

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Cornell University

*Up Close with ...*

## Debra Palermino of MassMutual

**W**hen you ask her the difference between running her own consulting firm and heading up HR at a large corporation, Debra Palermino chuckles. There is always a trade off. “Many of us love the independence and opportunity that you have to specialize on specific issues when you’re in a practice,” she says. But it is clear from the remainder of her conversation that she is passionate about being part of a team again.

Debra Palermino joined MassMutual in February 2006 as Corporate Vice President of Corporate Human Resources. Her responsibilities include oversight of recruitment, business consulting, employee benefits, compensation, succession planning and talent development, and change management.

Before coming to MassMutual, Palermino was the founder and principal of PAL Associates, a private consulting firm that delivered a wide range of consulting services to public, private, and not-for-profit clients. The firm’s field of expertise was organizational development, talent management, succession planning, coaching, performance, and change management. Prior to that, she held senior human resources management positions at Chubb and Aetna, with a total of over 30 years in the field.

Palermino’s role at MassMutual, though in a similar industry, expands on her previous experiences. “The best way to describe my former roles is that I was typically head of a COE (center of excellence) or I had a senior business partner role for a large division,” she says. “My position at MassMutual is substantially different because it is all of HR, including specific COEs like comp and benefits and so forth, *and* the business partner work. The breadth and depth is dramatically different.”

Beyond just the role expansion, Debra notes variety in the constituencies she serves. “It is terrific to be able to impact so many people. The opportunity



**Debra Palermino**

to make a difference is much greater. It is fun and at the same time a challenge to orchestrate what is best for the business overall.”

As part of a team again, Debra relishes the advantages of having a group to work with inside a business. “On the inside you have access to very talented resources to get big stuff done. When you’re consulting, you provide advice and options and then you walk away. When you are part of a company, you own the

outcome. You think much more long term. You are more likely to ask yourself, ‘Are these solutions going to be effective long term for the company?’” The ability to take on big substantive work was a huge draw for Debra to join MassMutual.

This seasoned HR leader sees opportunity and challenge at her new company and in the HR field as well. “One of the biggest challenges I perceive right now for HR executives is creating a broad enough value proposition to attract and retain talent. We are really looking at a diverse workforce. How do you offer enough to keep the young and the old? We have both gender and ethnicity challenges. We must begin thinking of our workforce as a customer base. That requires us to get close to our employees and understand what their tradeoffs are.”

Debra received her MBA in Organizational Effectiveness from the University of Hartford and holds a BA from Manhattanville College in New York. MassMutual Financial Group is a marketing name for Massachusetts Mutual Life Insurance Company (MassMutual) and its affiliated companies and sales representatives. MassMutual and its subsidiaries had more than \$450 billion in assets under management at year-end 2006. Founded in 1851, MassMutual is a mutually owned financial protection, accumulation and income management company headquartered in Springfield, Mass. 

*MassMutual joined CAHRS in 2005, the ‘Up Close with’ profiles feature interviews with leaders of CAHRS partners.*

## HR Company Profile

# Exelon Aligns HR Priorities with Business Strategy

“I was very fortunate when I joined Exelon 18 months ago,” says Andrea L. Zopp, Executive Vice President and Chief Human Resources Officer of Exelon Corporation, “because my predecessor had already taken care of the fundamentals. We already had hiring, talent, and performance management systems in place, effective compensation programs, and high-quality, cost-effective benefits.”

Also in place was the HR organizational structure, with an HR Center of Excellence at the headquarters in Chicago, and HR generalists with a reporting relationship to Zopp in each of the business units. “I could begin by focusing on aligning HR strategically with Exelon’s business needs,” she notes.

One of these is a need that many corporations face—the need to recruit, develop, and retain skilled talent in anticipation of retiring baby boomers. But at Exelon, this need is especially challenging.

Exelon Corporation was formed eight years ago out of the merger of Chicago-based Unicom Corporation and Philadelphia-based PECO Energy Company. It is the largest nuclear operator in the U.S., and one of the nation’s largest electric utilities, with more than \$15 billion in annual revenues. Exelon currently has three operating companies—Exelon Generation, which includes nuclear, fossil fuel, wind, and hydroelectric power plants, and two energy delivery companies, PECO and ComEd, which insure that electricity is distributed to approximately 5.2 million customers in Illinois and Pennsylvania, and natural gas to 480,000 customers in the Philadelphia area. It also has a corporate services and support unit, Exelon Business Services Company, of which Human Resources is a part.

Each of these units has its own highly specialized professionals, and its own replacement and succession challenges. For instance, when electrical line men and women begin to retire, they will need to be replaced gradually for safety reasons, so that an experienced lines person remains on each field team. Exelon cannot wait until the older workers retire to begin to look for their successors; they need to build talent pipelines of specialists in the community and industry already.

Exelon’s energy traders are also not easily replaced. Exelon usually needs to recruit them from large banks or

other utility companies, and for that reason needs to remain a competitive employer.

In Exelon Generation, highly trained technicians and engineers in nuclear and other energies will be retiring, and the transfer of their knowledge to new hires will be critical. Here, recruitment is made even more challenging by the rural location of many of the power plants.

And, in the business services company, Exelon employs highly specialized legislative and public affairs officers to attend to numerous state and federal utilities regulations and to work with area citizens and customers.

But in spite of these differences, the units in Exelon share fundamental similarities in their values. “Each of our business areas depend on operational excellence and, in each, safety is paramount,” says Zopp. “We need to be on our game all the time. We need a highly skilled workforce in all segments of our business.”

Zopp notes that generational differences will have an impact in Exelon’s recruitment and retention strategies. “The next generation wants to see results for their efforts,” she explained. “They want to be continually challenged. It is up to us to provide them with those challenges.”

Recognizing that leadership is key to recruitment and retention, Zopp is currently focusing on developing greater consistency in HR practices across all units, and working closely with her peer corporate executives to show how HR is critical to driving the business strategy forward.

Zopp says that using HR metrics will help demonstrate the strategic value of HR: “We need to decide what we want to accomplish in HR and then use our metrics to tell the story. What are our HR performance metrics? When do we know we have recruited successfully? Are we fostering a corporate culture that welcomes diversity? Are our employees committed to the place they work?” To help answer these questions, Exelon has implemented an annual employee survey.

“As we begin to experience greater turnover,” Zopp concludes, “we can make a dramatic difference in how the company operates. We need to anticipate the business needs of the future, focus on recruiting and developing the right people, and foster a climate that ensures that they remain connected and engaged.” 

*Exelon joined CAHRS in 2008, the ‘HR Company Profile’ features a Corporate HR view of new CAHRS partners.*

# New CAHRS HR for HR Working Group Captures Commitment for Ongoing Forum

The old expression “The cobbler’s children have no shoes” strikes a familiar chord with most experienced human resource professionals. They’re well aware that talent development is a critical HR deliverable, but the focus of that development nearly always resides within the supported client organizations. Less attention, if any, is paid to the continued development of executive level human resource practitioners. Yet some practitioners see this situation as part and parcel of their jobs being foremost about “taking care of others,” making HR a particularly difficult client to support for those tasked with developing functional talent. To better understand these dynamics, Cornell CAHRS offered a new working group session for HR leaders responsible for the development of the HR function. Fourteen people from twelve companies attended the first HR for HR Working Group on March 13, 2008, in New York, NY. The session was hosted by Tricia McCulloch, Vice President, HR Capabilities and Development at American Express Company, and facilitated by CAHRS Board members Christopher Collins, Associate Professor and John Haggerty, Managing Director of Executive Education.

The first HR for HR working session opened with a discussion of the talent pipeline issues and challenges facing the HR function today. Two talent pools emerged as those that are particularly hard to source and recruit—higher level specialist positions (e.g. executive compensation positions requiring advanced consulting skills), and mid- to upper-level generalist positions (typically requiring at least five and up to ten or more years of HR experience). Naturally, talk around difficult-to-fill roles turned into a discussion about the development challenges of managing multiple generations of HR practitioners with different needs and wants. Specifically, the group noted that younger, entry-level HR candidates tend to have expectations beyond their experience—wanting greater responsibilities before they’ve had sufficient time to build the skills, relationships and reputation required for advanced roles.

The group then turned to specific competencies lacking in the current HR pipeline for key roles, as well as those that are more difficult to develop. Several attendees pointed out the continually growing need for solid business and analytical skills in HR professionals, as well as some highly desirable (but harder to develop) innate traits like integrity, curiosity and courage. The group reached broad consensus on a list of those core traits, as well as what were deemed to be more build-able technical skills. Both lists present

interesting opportunities for future research on what truly drives success in today’s complex global HR roles.

In the afternoon portion of the session, participants from American Express, Corning and General Electric shared their recent work and established best practices in the arena of HR development. Each company has a legacy of solid HR development, but all could point to new efforts to keep HR professionals ahead of the demand curve—especially as business strategy increasingly relies upon unique combinations of employee knowledge and skills. From fundamentals to building business acumen and mid-career mentoring, participants gathered many new ideas to complement and seed their own HR development portfolios.

Finally, Chris Collins asked participants to reflect on what the HR for HR role should be, and how it can be structured for success. The discussion quickly centered on the difficult political challenges inherent in being both peer and judge, part of the CHRO’s inner circle, and (in some cases) a coach to the top HR person as well. One participant summed up the role by saying, “sometimes it can be a very lonely job.” Others commented on the risks associated with the high visibility of this role to the function—which is full of clients with expertise related to the HR for HR manager’s job.

At the end of the day, all participants agreed this first event marked a great beginning by helping to surface several of the important issues faced by the HR for HR role. The group also agreed that a regular forum for this topic is sorely needed to facilitate more detailed discussions and best practice sharing. To fill that gap, CAHRS committed to holding ongoing meetings, with working groups held twice per year. Three companies have already volunteered to host the next session, tentatively slated to be held in Boston, MA, in late September or early October 2008. Future meetings will likely focus on specific topics identified by the group, but all aim to continue building a supportive network for HR professionals working in this important and complex role. 

**W**orking group sessions are only open to CAHRS partner companies, and are generally kept to a maximum of 20 participants in order to ensure adequate time for discussion and interaction. Summaries of each meeting are provided to attendees, as well as any relevant research that follows from work done by the group. If HR development is a big portion of your job, and you wish to participate in future working groups, please contact Sarah Thompson, [sst22@cornell](mailto:ss22@cornell) or +1.607.255.5882, to be added to our notification list for upcoming meetings.

*American Express Student Grant*

# Graduate Student Research Assistantship



Since 2006 American Express has been enhancing their brand name and visibility at the ILR School. The company began sponsoring CAHRS assistantships for outstanding MILR students, increasing their contact with high-level recruits. As a partner with CAHRS they are currently sponsoring a research assistantship for Amanda Hoffman, MILR 2008. Amanda was selected from a competitive pool of graduates and served as a role model for ILR HR students this year. This opportunity allowed her to meet our CAHRS Partners throughout the year, and to be involved in many aspects of CAHRS research and executive meetings.

**Amanda Hoffman**

Amanda explains, "I feel so fortunate to have been given the opportunity to be involved with CAHRS at such an early point in my career. Over the past year, I have experienced first-hand the substantial benefits HR professionals can gain by utilizing the resources offered by CAHRS." Her responsibilities included developing methods for surveying and interviewing for best practice research, opportunities to write scholarly papers, and preparing research reviews and white papers for partner meetings.

In preparation for the upcoming CAHRS Spring International Partner Meeting, "Growth in the Middle East and HR Capabilities," Amanda researched talent management and compensation-related issues in the region. She utilized available literature, as well as personal conversations with HR executives working in the Middle East, to better understand the unique challenges that HR professionals face in designing and executing talent management and compensation-related initiatives. Specifically, she investigated the challenges that surround employment branding, succession planning and high potential employee identification and development, as well as the task of designing total compensation plans for both local nationals and expatriates working in the Middle East.

"The topics on which I have conducted research for CAHRS have been fascinating. As a U.S. citizen with little international experience, I have learned so much about the complexities of operating a business on a global level, as well as the massive impact of national culture on the planning and execution of HR initiatives. The experience of speaking with HR professionals currently working in China and the Middle East about the challenges they face on a daily basis was truly captivating. This increased exposure to global business and HR challenges will undoubtedly be of great assistance to me as an HR professional. I consider the CAHRS assistantship to be one of the most significant components of my entire graduate education at Cornell. I am so grateful to American Express for sponsoring my assistantship."

Amanda is in her 4th semester of the MILR program, and will graduate this month. She received a B.S. degree in Agricultural Economics and Agricultural Education from the University of Missouri in 2002. Amanda spent approximately four years in a business planning role at General Mills before coming to Cornell, and began her position as a CAHRS research assistant this past fall. Two projects she was involved in were her recent work on the preparation for the CAHRS Fall Meeting 2007, developing the paper "HR Analytics in Practice." This paper provided examples of how some firms have succeeded in

using HR data and analytics to answer questions that aid in the strategic management of human capital, specifically in areas such as talent acquisition, workforce planning and retention, talent development and allocation, compensation, performance management and engagement, diversity and HR alignment with business strategy. She was also instrumental in research conducted for the recent meeting in Shanghai China "The Changing HR Environment in China: Practice Trends and Talent Pipeline." This paper discusses the development of the HR profession in China and the drivers of the significant changes that have occurred in the function over the past decade. It also explores the perception of HR as a career option for students in China, and the educational institutions that are preparing China's next generation of local HR professionals.

Students contribute to HR research and help provide a balanced and fresh perspective to current issues. Simultaneously, they are provided with an arena to hone their research and writing skills by completing comprehensive white papers, and enhance their public speaking skills by presenting their findings to senior HR executives of multinational corporations.

Without the generosity of American Express, and other partnering companies, our students would not have these valuable opportunities. Like many companies, being on the leading edge of HR requires knowledge of the latest progressive research and a continual flow of quality recruits. CAHRS Research Assistantships are an opportunity to support top ILR HR students in their quest to learn and provide significant input to the advancement of HR, and to gain more visibility for your company by the students. 

*For more information on how you can get your company brand on campus, become involved and benefit from graduate student research grants for CAHRS, contact Dr. Pamela Stepp, Executive Director CAHRS, via email: pls8@cornell.edu or Tel: +1.607.254.4829.*

# First Chief Human Resource Officer Working Group Provides Insights into CHRO Challenges

On February 29, 2008, ten chief human resource officers (CHROs) met in New York, NY, to discuss the roles and challenges CHROs face in today's fast changing business environment. The discussion was led by Patrick Wright, the William J. Conaty GE Professor of Strategic HR and CAHRS Director, and Christopher Collins, Director of Executive Education. Participants discussed the challenges of the modern CHRO and strategies for success in the role. The discussion focused on four main CHRO responsibilities, as identified by participants: talent/leadership development, advising senior leaders, board/governance issues, and leading the HR function.

By far, the most frequently mentioned and strategic aspect of the CHRO role deals with serving as the organization's talent architect. As such, the CHRO helps senior leaders define the talent model with regard to desired employee values and competencies. Once the model is defined, CHROs play a critical role in helping the CEO and senior leaders make a realistic assessment of how the existing talent matches up against the model. Finally, CHROs must ensure that processes associated with implementing the talent model are effectively executed by the leaders within their organizations.

The second main strategic responsibility of the CHRO entails serving as an advisor to the CEO and other senior leaders. This advising role requires the highest levels of integrity in order to gain the trust of the senior leadership team. If trusted, CHROs can be the communication mechanism through which leadership team members can raise important concerns without fear of offending the CEO. Additionally, CHROs should be able to advise CEOs and senior leaders regarding their personal weaknesses—often an uncomfortable aspect of the role. This becomes particularly problematic in dealing with the CEO, since the CHRO must temporarily step into and out of the subordinate role, assuming almost a superior one, when giving feedback. Such responsibilities help explain why courage is an increasingly important competence for today's CHROs. Finally, as an advisor, CHROs must play an important role in communications, particularly by helping the CEO and other senior leaders frame their downward communications with an acute understanding of how those messages will be received by employees. This requires CHROs to have a strong sense of the climate and concerns of the workforce, and the ability to interpret downward communications through that lens.

The working group participants identified board relations and governance issues as the third main area of CHRO

responsibility. The CHRO's increasing activity with and visibility in front of the board of directors has emerged over time as an important role. While most CHROs are still not members of the board or of their committees, they are playing an important role on compensation committees, where they are a resource for its members and external consultant. In addition, CHROs are more frequently being asked to come in front of the full board to participate in C-Suite /senior leadership succession planning and talent pipeline discussions.

Finally, CHROs have leadership responsibility for their function. As senior HR leaders, they manage and often upgrade talent within the function while building the necessary infrastructure to effectively and efficiently deliver HR services. In particular, working group participants noted the importance of laying out a clear vision for those within the function regarding what effective HR will look like, working with senior leaders to identify how HR can help their businesses, and sometimes even seeking insight from the board about their expectations and the deliverables they want from HR.

The topics discussed in the first CHRO working group provided important initial insights into how the CHRO role is changing, and what those in the role (and those who aspire to be) must do to effectively fulfill its new requirements. From research and personal testimony, we know the chief HR officer role has changed immensely over the past fifteen years. But those changes raise a critical question for the future of modern global companies—how many and who will be able to step up to the challenge of today's successful CHRO? To begin answering this question, CAHRS and its partners will continue working together to help frame the issues, define the competencies, and build the talent pipeline for the modern CHRO. [hr](#)

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## STILL ROOM TO SIGNUP

## CAHRS Spring International Meeting

## Growth in the Middle East and HR Capabilities

May 28-29, 2008 • Grosvenor House • West Marina Beach

Dubai, United Arab Emirates

HR leaders will meet in Dubai, United Arab Emirates, the fastest growing city in the Middle East and world, to discuss this topic presented by CAHRS. We expect CAHRS leaders from all over the world to attend particularly from the Middle East, Europe, India, and the United States. We encourage you to register now for this May 28-29 conference in Dubai. 

## A G E N D A

**MAY 28, 2008**

12:00 - 1:00pm Welcome Lunch

1:00 - 1:15pm Introductions

*Pamela Stepp, Executive Director, Cornell CAHRS**Patrick Wright, William J. Conaty GE Professor of Strategic HR and Director CAHRS*

1:15 - 1:55pm “Doing Business in the Middle East”

*Nabil A. Habayeb, President & CEO Middle East & Africa, GE*

1:55 - 3:00pm Roundtable Discussion “What are the Biggest HR Challenges in the Mideast?”

3:15 - 3:55pm “Localization/Nationalization Issues”

*Jules Croonen, Vice President, Human Resources Middle East, Caspian and South Asia, Shell*

3:55 - 4:30pm “Impact of Free Zones”

*Harjinder Kang, General Manager, AstraZeneca*

4:30 - 5:10pm “The Impact of the Middle East Culture on Human Resource Management in the Region”

*Emad A.K. Almoayed, Chairman, National Institute for Industrial Training (NIIT), Bahrain*

5:10 - 5:30pm Wrap-up

*Pamela Stepp, Executive Director, Cornell CAHRS**Patrick Wright, William J. Conaty GE Professor of Strategic HR and Director CAHRS*

7:00pm Reception &amp; Dinner

*Le Royal Meridien Beach Resort and Spa***MAY 29, 2008**

8:30 - 8:45am Introductions

*Pamela Stepp, Executive Director, Cornell CAHRS**Patrick Wright, William J. Conaty GE Professor of Strategic HR and Director CAHRS***TALENT MANAGEMENT SESSIONS**

8:45 - 9:25am “Best Practices in Talent Management”

*Chris Collins, Associate Professor, HR Studies and Director, ILR Executive Education, CAHRS*

9:25 - 10:05am “Leadership Growth in an Emerging Market”

*Tommy Weir, Head of Learning and Development, Nakheel*

10:20 - 11:00am “Retention of Emeriti Talents”

*Nasser Al Madani, Assistant Director, General Dubai Airport Free Zone Authority, Government of Dubai*

11:00 - 12:00pm Roundtable Discussion “Talent Management”

1:15 - 1:55pm “HR in the ME, Just Doing It (with suitable apologies to Nike)”

*Joel Farnworth, Regional Head of HR, HSBC Bank Middle East Limited***COMPENSATION SESSIONS**

1:55 - 2:35pm “The Challenges Associated with Compensation in the Region”

*Mustafa Al-Hendi, Chief Human Capital Officer, Dubai Aerospace Enterprise*

2:35 - 3:35pm Roundtable Discussion “Compensation”

**HR LEADERSHIP SESSIONS**

3:55 - 4:35pm “Global Brands: Opportunities and Responsibilities”

*Eva Sage-Gavin, Executive Vice President, Human Resources, Gap Inc.*

4:35 - 5:15pm “HR Leadership”

*Patrick Wright, William J. Conaty GE Professor of Strategic Human Resources and Director, CAHRS*

5:15 - 5:30pm Wrap-Up

*Pamela Stepp, Executive Director, Cornell CAHRS**Patrick Wright, William J. Conaty GE Professor of Strategic HR and Director CAHRS*View our Online Registration form: [www.ilr.cornell.edu/cahrs/springregform.html](http://www.ilr.cornell.edu/cahrs/springregform.html)

For more information contact Jo Hagin

Phone: +1.607.255.9358 • Fax: +1.607.255.4953 • Email: [jap7@cornell.edu](mailto:jap7@cornell.edu)

## In The News



Brad Bell

**Brad Bell Promoted to ILR Associate Professor May 2008** – In the summer of 2002 Brad Bell became a part of the ILR School working as an assistant HR Professor. In ILR, Brad has taught HR Management, Training and Development, and workshops, along with other HR courses. His expertise is in training and development and work teams/work process redesign and his research interests include developing learning systems that can enhance individual, team, and organizational effectiveness.

Bell's research explores the design of technologically-based learning systems, and examines the implications of integrating the features of active learning techniques into complex and dynamic learning environments. His latest achievements include, recently being added to editorial board of three of the top HR journals; *Journal of Applied Psychology*, *Personnel Psychology*, and *Organizational Behavior and Human Decision Processes*. In addition, he was recently added to the Scientific Affairs Committee of the Society for Industrial and Organizational Psychology.

Bell's recently published work includes: *Current Issues and Future Directions In Simulation-Based Training, International Journal of Human Resource Management*; *Active Learning: Effects of Core Training Design Elements on Self-Regulatory Processes, Learning, and Adaptability, Journal of Applied Psychology*; *Reactions To Skill Assessment: The Forgotten Factor In Explaining Motivation To Learn, Human Resource Development Quarterly*; and he currently has six manuscripts and research works in progress. His research work recently earned him the Early Career Achievement Award given by the HR Division of the Academy of Management.

Professor Bell's previous experiences in teaching are as an instructor for Michigan State University where he taught industrial and organizational psychology. He graduated from Michigan State University with a Master of Arts degree and a Ph.D. in Philosophy majoring in Industrial and Organizational Psychology.

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## The Changing Relationship between Job Loss Announcements and Stock Prices

*Continued from Page One*

announcements in the 1970s to less than 22 percent in the '90s. The non-manufacturing sector represented just over 11 percent of the layoff announcements in the 1970s; by the '90s, it had grown to more than 35 percent.

How has the industrial composition of the firms affected the reaction to layoff announcements? As might be expected, the shocks of the auto manufacturing shakeout in the 1970s produced a sharp negative reaction, but within the non-auto manufacturing sector, the reaction was even worse. Over time, of all sectors, non-auto manufacturing has been the only one whose stock price reaction has remained negative to layoff announcements, although to a lesser extent than earlier.

For all the suggestive findings, the researchers stopped short of concluding that the change in reasons for

workforce reductions accounted wholly or even mostly for the less negative reaction in stock prices. This is because they found that even when considering the same announced reason—cost efficiency in the 1970s compared to cost efficiency in the 1990s—the reaction became less negative over time. Perhaps the mindset of investors and traders has changed: inured to outsourcing, offshoring, and downsizing as a matter of course, they now are less concerned about the reason, and interpret all job cuts as a predictor of near-term profitability. That remains the subject of further investigation. 

*For more information regarding this research please contact Kevin Hallock via email: [kfh7@cornell.edu](mailto:kfh7@cornell.edu), or Tel: +1.607.255.3193. This article references research from the CAHRS Working Paper #08-02, which can be found on our web site: [www.ilr.cornell.edu/cahrs/paper.html](http://www.ilr.cornell.edu/cahrs/paper.html)*

Online Update

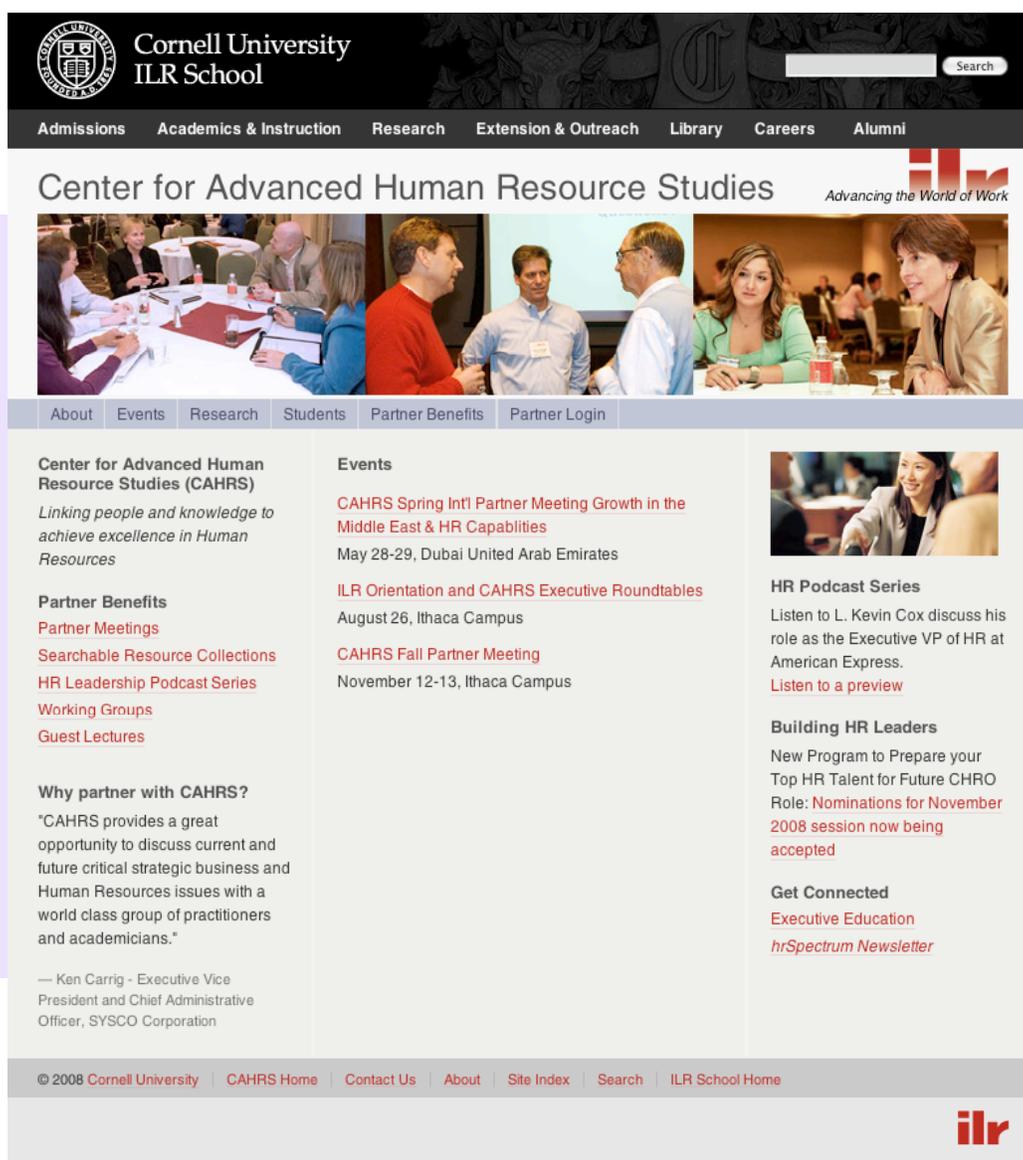
# New Look On the CAHRS Web Site

The CAHRS web site has recently been updated to showcase the new momentum and direction in which we are headed for the future. Last year, the entire ILR School worked with our web services team to update school web sites department by department. CAHRS and ILR Executive Education completed and launched their new web sites in February 2008. The redesigns were undertaken with an overall goal of making the sites cleaner and easier to navigate, while also providing better access to our respective resources for casual and frequent visitors alike.

Look for new links to our *Events*, *Research*, *Students* and *Partner Benefits*. And you can still login to our Partner *Searchable Resource Collection* page directly from our home page to access research and information available only to our CAHRS Partners. You'll find several new features on our web sites, including:

- Access to the new CAHRS HR Leadership Podcast Series, with free online previews
- Links to Working Groups & Partner Meetings
- New access to White Papers & redesigned access to CAHRS Faculty Working Papers research
- Link to ILR Executive Education providing Customized HR Programs and new Learning Consortia

These updates to our web site provide our Partners with faster access to the information they need. We hope you enjoy our new look. 



The screenshot shows the CAHRS website homepage. At the top is the Cornell University ILR School logo and a search bar. Below is a navigation menu with links for Admissions, Academics & Instruction, Research, Extension & Outreach, Library, Careers, and Alumni. The main header features the CAHRS logo and the tagline "Advancing the World of Work". A large banner image shows three photos of people in professional settings. Below the banner is a secondary navigation menu with links for About, Events, Research, Students, Partner Benefits, and Partner Login. The main content area is divided into three columns. The left column contains the CAHRS mission statement, a list of Partner Benefits (Partner Meetings, Searchable Resource Collections, HR Leadership Podcast Series, Working Groups, Guest Lectures), and a quote from Ken Carrig. The middle column lists two events: "CAHRS Spring Intl Partner Meeting Growth in the Middle East & HR Capabilities" and "ILR Orientation and CAHRS Executive Roundtables". The right column features an HR Podcast Series, a Building HR Leaders program, and a Get Connected section with links to Executive Education and the hrSpectrum Newsletter. The footer includes copyright information and a secondary navigation menu.

# CAHRS EVENTS

2008 - 2009

CAHRS Spring International Meeting ..... May 28 - 29, 2008 Dubai, United Arab Emirates  
Growth in the Middle East and HR Capabilities

ILR Orientation & CAHRS Executive Roundtables ..... August 26, 2008 Ithaca, NY

Fall Partner Meeting ..... November 12 - 13, 2008 Ithaca, NY

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or visit our website at: [www.ilr.cornell.edu/cahrs/Events.html](http://www.ilr.cornell.edu/cahrs/Events.html)*

## ILR Executive Education

Shell HR Strategic Business Partner Programme ..... May 4 - 9, 2008 The Hague, The Netherlands

Cornell Consortium Custom Program ..... June 8 - 11, 2008 Seattle, WA

HR Strategy: Creating Competitive Advantage through People ..... September 15 - 19, 2008 Ithaca, NY

Understanding the Top Seat: *The Modern CHRO Role & Strategies for Success*

Session One ..... November 5 - 6, 2008 New York, NY

Session Two ..... March or April, 2009 New York, NY  
(exact date TBD)

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